

Brunswick Mining and Smelting Limited Corporation

Revised October 8, 1985 (MC)
 Destroy all previous Basic and White
 cards on this Company

CUSIP Number 117259
 Stock Symbol BMS

Executive Office — Suite 4500, Commerce Court West, Toronto, Ontario M5L 1B6

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THE COMPANY owns a lead-zinc-silver-copper producing property in the Bathurst area and a lead smelter and refinery at Belledune Point, New Brunswick. The company's concentrator now has an operating capacity in excess of 10,000 tonnes per day.

Fiscal Year	L.-term Debt	Working Capital	COMPARATIVE DATA				Earns. Per Sh.	Divds. Paid	Price Range	
			Prod. Revenue	Oper. Income	Net Inc. Oper.	High			Low	
			000's			Common Shares—				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1984.....	21,181	34,515	293,280	50,025	26,645	0.77	0.525	24.50	13.00	
1983.....	23,416	24,986	265,423	27,987	7,585	0.22	0.225	22.00	13.50	
1982.....	26,177	18,974	274,981	48,674	16,494	0.48	0.15	14.88	6.50	
1981.....	26,623	10,816	273,303	49,726	30,419	0.90	0.60	18.00	11.00	
1980.....	28,216	12,270	234,594	53,136	34,124	1.01	0.90	18.38	9.38	

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984

	Outstanding	%
Long-term debt	\$21,181,000	9
Common stock, \$1 par	34,798,119 shs.	16
Contributed surplus	62,717,000	28
Retained earnings	106,870,000	47

SUMMARY STATEMENT

For the six months ended June 30, 1985 net income was \$1,741,000 or five cents per share on revenue of \$113,486,000. Lower prices for metals and lower lead production contributed to the decline in earnings from \$21,321,000 or 62 cents per share a year earlier. Revenue was down 20% from \$141,482,000 for the 1984 period.

Belledune Fertilizer Division of Noranda Inc. was acquired June 30, 1985 for \$5,300,000. The Belledune plant consumes sulphur acid from roaster gases at the Brunswick smelter.

For the year ended Dec. 31, 1984, net income jumped to \$26,645,000 or 77 cents per share from \$7,585,000 or 22 cents per share in the previous year. Revenues rose 10% to \$293,480,000. Strong earnings early in 1984 were adversely affected in the final quarter by lower mine production and a \$4,000,000 after-tax write off of the remaining project costs incurred for the now cancelled zinc reduction plant. Increased revenues were due to higher zinc concentrate production and higher net realized prices for zinc and lead.

Decreased annual dividend rate of 30 cents per share was established with the payment of 7 1/2 cents per share on Apr. 3, 1985. Previously, dividends of 15 cents per share were paid July 5, Sept. 13 and Dec. 13, 1984.

Underground production from the No. 12 mine rose 9% to a record 3,560,200 tonnes in 1984. For the six months ended June 30, 1985, 1,774,600 tons were milled.

Capital expenditures in 1984 totaled \$21,700,000 of which 90% was spent at the mine where several new projects were initiated to update and modernize the concentrator and develop the lower part of the No. 12 orebody. Expenditures for 1985 are projected at \$32,000,000.

N.B. — For quick reference data, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

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QUICK REFERENCE DATA

Major Shareholder—Noranda Inc. holds 22,172,608 common shares or 64.1% interest, and has held a major interest since 1967.

Employees—2,284 at March 31, 1985.

Incorporation—New Brunswick charter, October 31, 1952.

Auditors—Clarkson Gordon, C.A., Toronto.

Fiscal Year Ends—December 31.

Annual Report Appeared—In April in 1985.

Annual Meeting—May 23 in 1985.

Listed—BMS, Toronto and Montreal Stock Exchanges.

Transfer Agents—Guaranty Trust Company of Canada, Toronto and Montreal; The Central & Nova Scotia Trust Company of Canada, Fredericton, N.B.

COMPANY

The company owns two lead-zinc-copper-silver mines in the Bathurst area of New Brunswick. The main No. 12 mine was brought into production in March, 1964 while the No. 6 mine came into production in the third quarter of 1966 and was closed in 1983. Present concentrator capacity is 10,000 tonnes daily.

The company also owns a lead smelter and refinery at Belledune Point, N.B., which started tune-up operations in September, 1966.

In April, 1983, the company and Heath Steele Mines Ltd. decided to delay indefinitely any further construction on a planned zinc reduction plant at Belledune, N.B. due to depressed metal prices.

In June, 1985, Brunswick purchased for \$5,300,000 from Noranda Inc., the Belledune fertilizer plant which uses the company's sulphuric acid output.

Noranda Management Agreement—Noranda Inc. acts as manager and supervisor of Brunswick's business and operations and provides technical assistance until the management agreement is terminated by either party on 12 months' notice. By agreement Noranda is reimbursed for all disbursements on Brunswick's (or its subsidiaries') behalf at rates approximating the actual costs of providing the services.

Sales of the company's products are handled exclusively by Noranda Sales Corp.

PLANT AND EQUIPMENT

The concentrator located at the No. 12 mine site produces lead, zinc and copper concentrates. Originally consisting of two grinding and flotation lines, production commenced in 1964 at 4,100 tonnes per day. A third line was added in 1966 with a rate of 2,200 tonnes per day. Further modifications subsequently increased production capacity.

As part of the mine expansion program, modifications were made to the concentrator's surface material handling system from the new No. 3 shaft and the grinding, flotation and dewatering sections. The project was completed in 1981 at an estimated cost of \$8,500,000 resulting in increased rated capacity of 10,000 tonnes per day.

A program to replace the flotation cells at an estimated cost of \$11,500,000 was approved in 1983. Although the circuit changes were only partially implemented during 1984, overall zinc recovery rose to 81.4% from 80.5%. Further recovery improvements are expected when all changes are completed in 1985.

PROPERTIES

The company holds mineral rights on a total of 205,309 acres principally in northern New Brunswick.

The lead concentrate is shipped to the company smelter at Belledune (see Smelter Division), the copper concentrate is shipped to Noranda in Murdochville, P.Q. and the zinc concentrate is shipped to Europe and Japan for treatment in various smelters.

Transportation is provided by the C.N.R. by means of a 15-mile railway to Nipisquit Junction, and power for the mine and concentrator is provided by the New Brunswick Power Commission.

Brunswick also has a base-precious metals prospect, optioned from New Sabina Resources Limited, near Bathurst, N.B. and a gold prospect near Saint John, N.B.

DEVELOPMENT

Austin Brook or No. 6 Ore Body—Discovered by drilling in 1952, this ore body was subsequently outlined for a length of about 1,100 ft. with widths of 100-200 ft. Diamond drilling during 1970 extended the depth of the known ore to 1,200-ft. The open pit operation was terminated in 1977. Early 1977, stope development was started and first underground ore was produced during March.

No. 6 ore body was brought into production in August, 1966, with ore trucked 5½ miles to the concentrator. Mining at the No. 6 was terminated in 1983, as exploration did not indicate any new reserves.

Iron ore deposits found occurring on the Austin Brook property consist of three disconnected bodies or groups of bodies within an area 1½ miles long and ¼ mile wide. Limited quantities of ore were shipped by previous operators, but the size and grade of the deposits were uneconomical.

Anacon-Leadrage or No. 12 Ore Body—This ore body was discovered by drilling in 1953, 5½ miles northwest of the No. 6 deposit. It has been developed by three shafts. The first is a three-compartment auxiliary shaft, which extends to a depth of 425 ft. and has levels at 200 and 350 ft. with sub-levels at 125, 275 and 425 ft. The No. 2 five-compartment shaft, 650 ft. from the No. 1 opening, extends to 3,200 ft. opening levels at 150-ft. intervals from 200 ft. The shafts are connected on the 200 and 350-ft. levels.

In 1974 work commenced on the sinking of a new nine-compartment No. 3 shaft at the No. 12 mine to a depth of 3,700 ft. The shaft was designed to hoist 10,000 tonnes per day from an ultimate depth of 6,000 ft. Originally estimated at \$48,100,000, final expenditures at completion Apr. 1, 1981, were approximately \$56,300,000.

Mining progressed down to the 850 metre level during 1984, and the 1,000 metre level was being prepared for ore extraction. Ore on this level will be mined by a modified open-stopping system. The entire system, including shovel, crusher, conveyors, silo and concrete facilities was estimated to cost \$25,000,000. Eventually, the company plans to extend the mine to the 1,125 metre level.

ORE RESERVES

Proven and probable reserves at Dec. 31, 1984, after allowance for dilution, were reported as follows for the lead-zinc zones:

	Tonnes 000	Zn %	Pb %	Cu %	Ag, g/ tonne
No. 12 Mine:					
Proven	79,438	9.15	3.72	0.31	98
Probable	25,029	8.58	3.71	0.37	97
	104,467				

Reserves at Dec. 31 in prior years are as follows:

	Tons	Tons
1983*	103,045,000	109,567,000
1982*	101,918,000	123,256,000
1981*	100,913,000	122,077,000
1980*	99,535,000	120,574,000

*Tonnes.

Note—Reserves for 1982 and prior years include the now closed No. 6 mine.

MINE PRODUCTION

The concentrator at the No. 12 mine was completed on Mar. 16, 1964, tune-up operations were carried on until June 30, and production commenced July 1, 1964.

The No. 6 mine commenced operations Aug. 20, 1966 and regular production effective Sept. 1, 1966. Mining from this mine was terminated in 1983 upon exhaustion of mineable ore.

SMELTER DIVISION

In 1964, under a 10 year exclusive right to smelt zinc and lead concentrates within the Province of New Brunswick, construction commenced on a zinc-lead smelter complex. The complex, located at Belledune Point on Chaleur Bay (45 miles from the minesite) consisted of a smelter, refinery and acid plant.

Completed in 1966, the complex used the Imperial Smelting Blast Furnace process for separation of zinc and lead, and a sintering machine for the removal of SO₂ gas which was then made into sulphuric acid at Belledune Acid Ltd. In 1968-69, further expansion costing \$2,260,000 provided refining facilities for the recovery of metallic silver and smelting of copper-lead dross.

In 1972, conversion of the smelter from a lead-zinc to a lead smelter was initiated. Operations were closed down from mid-October, 1972 to mid-February, 1973. In the second quarter, 1973, preliminary conversion was completed at a cost of \$7,500,000. Startup difficulties were overcome during the year and a production rate in excess of 4,500 tons of refined lead per month was achieved. Second stage conversion work was carried out during the annual maintenance shutdown in October, 1974.

An engineering and feasibility study was undertaken in 1979 with the Province of New Brunswick on the proposed new 100,000 tonne per year zinc reduction facility; it was favorably completed in 1980. Subject to financing negotiations, the proposed costs estimated between \$360,000,000 and \$385,000,000 would be provided two-thirds by Brunswick and one-third by a joint venture partner, Heath Steele Mines Ltd.

Expenditures to the end of 1983 totaled \$14,300,000, including \$10,700,000 spent in 1982 when development work was suspended.

In 1983, the company decided it would not proceed with the project and wrote-off \$4,510,000 in costs. In the last quarter of 1984, the company wrote off the remaining project costs of \$5,563,000.

Sulphuric Acid Plant—The company ships its sulphuric acid to a 200,000-ton sulphuric acid plant adjacent to the smelter at Belledune Point, N.B., which employs the sulphur-bearing gases resulting from the processing of concentrates at the smelter to manufacture fertilizer. Production start-up commenced in September, 1966.

MINERAL EXPLORATION

Exploration expenditures totaled \$3,400,000 in 1984, compared with \$2,600,000 in 1983. The program's activities, contracted to Noranda Inc., are located in northern New Brunswick, principally in the vicinity of the company's mining operations.

OIL AND GAS INTERESTS

The company with Dome Petroleum has varying interests in five wells in the Beaufort Sea including the Kopanoar 1-44 well and the Koakoak 0-22 well.

SUBSIDIARY

Belledune Housing and Enterprises Ltd.—Wholly owned. Brunswick Mining has guaranteed repayment of funds which may be advanced by Central Mortgage and Housing Corporation for employees' housing at Belledune, N.B. Mortgages outstanding at Dec. 31, 1984, amounted to \$14,000.

INVESTMENTS

Brascade Resources Inc.—As a result of the winding up of Zinor Holdings Limited and Frenswick Holdings Limited in 1982, Brunswick received 362,438 con-

vertible preferred shares of Brascade, which is a major shareholder of Noranda Inc., holding approximately 41% interest and a 63% interest in Westmin Resources Limited. (See separate card on Brascade).

Kerr Addison Mines Limited—As a result of the winding up of Zinor Holdings Limited and Frenswick Holdings Limited in 1982, Brunswick received 2,890,390 common shares (16.8% interest) of Kerr Addison. Dividends from this investment amounted to \$1,700,000 in 1984. Kerr owns a producing gold mine in the Larder Lake area, Ont. and 10.4% interest in Noranda Inc. (For further details, see separate basic cards on Kerr Addison).

HISTORY

The original property, which was first known as the Bathurst Iron Mines, was discovered by William Hussey of Bathurst in 1902. During 1907-13, the property was held by Drummond Mines, Ltd., and later by the Canada Iron Corp. Ltd. The latter company built a railway into the property and erected a mill and mining plant. During this period some 181,000 tons of ore were shipped to Philadelphia.

The property then remained dormant until December, 1942, when Dominion Steel and Coal Company took over the operation and, in the following year, shipped 127,734 tons of ore. In December, 1943, the mine was shut down again and all buildings and equipment, except the railroad tracks, were removed.

Brunswick Mining and Smelting Corporation was formed in New Brunswick on Oct. 31, 1952, to acquire the property, consisting of 80 claims. A large base metal ore body was indicated by drilling in 1952-53. In 1953, a second large base metal ore deposit was acquired from Key Anacon Mines (then Anacon Lead Mines), Leadrige Mining Co. (a subsidiary of St. Joseph Lead Co.) and M. J. Boylen and associates. Consideration for all these properties was 3,269,000 treasury shares of Brunswick.

Control of the company was acquired in June, 1961, by First Maritime Mining Corp. (then Maritime Mining Corp.), The Patino Mining Corp. interests and K. C. Irving, through purchase of 1,600,000 shares and \$6,270,000 in income bonds from St. Joseph Lead Co. for a total consideration of \$10,500,000. This group acquired another 2,000,000 Brunswick shares in mid-1962, upon cancellation of the \$6,270,000 of income bonds.

Production financing for the Bathurst property was provided in 1962-64 by Societe Generale des Minerais, S.A. (SGM) of Brussels, Belgium, which bought US\$11,520,000 series A first mortgage bonds and by Engineering Consultants Ltd. (ECL) of Saint John, N.B., which agreed to purchase up to \$8,000,000 series B first mortgage bonds.

On Dec. 29, 1960, East Coast Smelting and Chemical Company Ltd. was incorporated in New Brunswick and acquired rights to the Imperial Smelting Process for smelting lead and zinc concentrates. Through issue of 600,000 Brunswick shares, the latter company acquired all of the outstanding common shares of East Coast Smelting in December, 1963, thus making the latter a wholly-owned subsidiary. Financing for East Coast's lead-zinc-acid complex at Belledune Point, N.B., was provided by Brunswick through the sale to SGM and ECL of a 6% second mortgage convertible Brunswick bond issue (\$5,000,000) and a common share rights offering (\$4,894,380) in 1964-65 and a US\$7,000,000 demand loan and an additional US\$15,000,000 demand loan in 1966. The rights offering covered 1,223,595 shares (one share for \$4 for every six shares held.) Funds were also used in part by Brunswick for concentrator expansions at its No. 12 and No. 6 mines. Funds for completion of the smelter could not be raised due to inflationary economic conditions and in June, 1967, Brunswick's shareholders approved a proposal to allow Noranda Mines to assume management and voting control of the company with the option to acquire a substantial equity interest. Noranda purchased 100,000 newly-created \$5 par value Brunswick preferred shares (each carrying 100 votes

*per preferred share and convertible into common, on a share for share basis) and Noranda group bought \$49,500,000 of 6½% income bonds. The bonds and preferred shares were converted into 16,666,667 Brunswick common shares in 1971. Brunswick used the proceeds to retire \$33 million of outstanding first mortgage bonds and in payment of current liabilities.

Early in 1967, Noranda advanced East Coast \$20 million in exchange for short-term notes. The latter were retired in September, 1967, from proceeds of a publicly sold East Coast \$20 million 7¼% general mortgage bond issue due 1969-78. A major construction and alterations program was initiated at East Coast Smelting in 1968 and completed the following year at a cost of \$2,260,000. In December, 1971, assets of East Coast were sold to Brunswick which assumed funded and other liabilities of East Coast. At the same time, Noranda purchased for \$1,500,000 all outstanding shares of East Coast and 250,000 common shares (50% interest) of Belledune Fertilizer Ltd., all owned by Brunswick.

On May 26, 1966, Belledune Fertilizer Ltd. was incorporated in New Brunswick. Belledune commenced operation of its chemical fertilizer manufacturing plant at Belledune Point, N.B., in October, 1967. Cost of the project, estimated at \$19-\$21 million, was provided by Brunswick Mining, Electric Reduction Co. of Canada and its parent company, Albright & Wilson Ltd., a \$3,500,000 federal government grant and a \$12 million 8% first mortgage bond issue. In 1971, Brunswick's 250,000 common share holding of Belledune Fertilizer was acquired by Noranda Mines as part of the latter's agreement to purchase all outstanding shares of East Coast Smelting and Chemicals from Brunswick.

As part of a program to discontinue certain subsidiary companies and simplify the corporate structure, assets of Belledune Acid Ltd., a subsidiary of East Coast Smelting and Chemical Company, and subsidiaries Brunswick Ammonia Ltd. and Chaleur Development Ltd. were sold to Brunswick Mining in 1971.

In 1971, legal action originally instituted in 1967 by 15 firms associated with the K. C. Irving interests against the company and subsidiaries, was resolved after payments totaling \$10,167,194 were made and two small land parcels were deeded by Brunswick to the firms.

In 1977, wholly-owned Bay Steel Corporation Ltd. was wound up.

In 1979, Noranda affiliates Kerr Addison Mines Limited, Placer Development Limited, Brenda Mines Ltd., Brunswick Mining and Smelting Corporation Limited and Fraser Inc., pooled their shares of Noranda Mines Limited and provided additional funds in a new company known as Zinor Holdings Limited. Kerr received 27.34% interest in Zinor, Placer 36.33%, and the other three companies (through Frenswick Holdings Limited) 36.33%.

In 1980, Brunswick purchased a further 693,243 Frenswick shares for \$13,172,000 maintaining its 38.2% interest.

Also in 1980, Brunswick advanced funds for participation in Dome Petroleum's Arctic drilling. On completion of a dry hole in 1981, the \$17,290,000 investment was written down to \$2,290,000.

In November 1982, Zinor Holdings Limited and Frenswick Holdings Limited were both liquidated. In lieu of receiving the Noranda common and preferred shares to which it would have thereby been entitled, Brunswick agreed to an exchange of the said Noranda common shares on a share-for-share basis for Kerr common shares and to the sale of the said preferred shares for cash. As a result of these transactions, Brunswick received 16.8% direct interest in Kerr Addison Mines Limited.

ACCOUNTING CHANGES

In 1980, the company changed its accounting policy for preproduction and deferred development expenditures, resulting in a \$3,837,000 debit to retained earnings. Restated results for 1979 show net income of \$71,343,000 or \$2.08 per share.

OFFICERS AND DIRECTORS

Officers—J. A. Hall, pres.; J. C. White, sr. v-p, ops.; J. W. Moerman, v-p, mining; A. Young, v-p, smelting; E. K. Cork, v-p, finance; L. S. Taylor, sec.; D. H. Ford, compt.; B. H. Grose, asst. sec.; B. C. Bone, treas.; L. S. Tigert, asst. treas.

Directors—Alfred Powis, K. C. Hendrick, J. C. White, E. K. Cork, J. A. Hall, J. O. Hinds, Toronto; Gilbert Kerlin, New York City; Gilbert Finn, Dieppe, N.B.; J. A. MacMurray, Saint John, N.B.; J. P. Fisher, Edmundston, N.B.; Andre Monast, Quebec City, Que.

Head Office—Bathurst, N.B.

CAPITAL STOCK

(At Dec. 31, 1984)

	Author.	Outstand.	Par
Common	40,000,000 shs.	34,798,119 shs.	\$1

Options—At Dec. 31, 1984, 425,960 common shares were reserved for employee stock options, of which options on 15,310 shares at \$6.76 per share exercisable to Feb. 21, 1989, 10,950 shares at \$6.11 per share exercisable to May 16, 1989, and 392,900 shares at \$16.64 per share exercisable to Oct. 24, 1994, were outstanding, leaving 6,800 shares available for future options.

Reserved Shares—At Dec. 31, 1984, 406,629 common shares were reserved for stock dividends.

PRICE RANGE OF STOCK

Year	High	Low	Year	High	Low
1953†	\$23.75	\$10.50	1969	\$9.65	\$6.45
1954	13.00	9.00	1970	8.90	4.00
1955	16.00	9.75	1971	6.90	2.00
1956	14.50	7.50	1972	4.60	2.50
1957	12.50	2.50	1973	6.50	3.70
1958	4.50	1.95	1974	5.88	3.30
1959	3.70	2.25	1975	4.70	3.50
1960	5.40	2.60	1976	6.50	3.85
1961	5.80	2.30	1977	6.13	3.00
1962	4.90	2.75	1978	5.75	2.71
1963	6.45	3.10	1979	11.50	5.38
1964	16.63	6.25	1980	18.38	9.38
1965	19.50	14.00	1981	18.00	11.00
1966	16.75	8.05	1982	14.88	6.50
1967	9.60	4.80	1983	22.00	13.50
1968	9.30	4.30	1984	24.50	13.00

†Listed Feb. 13, 1953.

CHANGES IN CAPITAL STOCK

Authorized capital at incorporation, Oct. 31, 1952, was 5,000,000 shares of \$1 par. During that year, 1,200,000 shares were issued for the original Austin Brook mining claims and 531,000 shares for cash. In 1953, 200,000 shares were issued for cash; 2,069,000 shares were issued for acquisition of the properties of Anaconda Lead Mines, Leadridge Mining Co., and M. J. Boylen & Associates.

By S.L.P. dated June 7, 1962, authorized capital was increased to 7,500,000 common shares of \$1 par, in order to allow for the issuance of 2,000,000 shares upon conversion of 5% income bonds and the sale of 741,573 shares to Engineering Consultants Ltd., bringing the total common shares outstanding at Dec. 31, 1962, to 6,741,573.

A total of 600,000 shares were issued in 1963 in exchange for all shares of East Coast Smelting and Chemical Co. Ltd.

By S.L.P. dated Feb. 3, 1964, authorized capital was increased to 10,000,000 common shares of \$1 par, in order to allow for the issuance of 1,223,595 shares offered under a rights issue.

By S.L.P. dated June 23, 1967, authorized capital was increased from 10,000,000 common shares to 20,000,000 common shares of \$1 par and 100,000 6½% cumulative convertible redeemable preferred shares of \$5 par were created. In that year, 118,443 common shares were issued on conversion of 6% second mortgage bonds; 100,000 6½% preferred shares were issued to Noranda Mines Ltd.

In 1969, 767,770 common shares were issued on conversion of 6% second mortgage bonds.

During 1971, all dividend arrears were cleared on the preferred shares and effective Dec. 23, 1971, the 100,000 preferred shares were converted into 100,000 common shares and authorized capital was increased from 20,000,000 to 40,000,000 common shares. The capital increase allowed the cancellation of all 6½% first mortgage bonds in exchange for the issuance of 16,566,667 common shares and the issuance of 8,096,580 shares sold under a rights offering.

In 1972-78, common shares were issued on exercise of employee options, as follows: 3,850 shares in 1972; 48,350 shares in 1973; 150 shares in 1974; 600 shares in 1975; 300 shares in 1977; 350 shares in 1978.

In 1978, 20,000 shares were also issued as a performance bonus to employees.

In 1979, 93,312 shares were issued on exercise of employee options and 21,080 shares were issued as a bonus (10 shares per employee) which brought capital stock outstanding at Dec. 31, 1979 to 34,402,620 shares.

Under the company's stock option plan, 130,628 shares were issued during 1980, 35,950 in 1981, 11,800 in 1982 and 15,050 in 1983, bringing the number of outstanding shares at Dec. 31, 1983, to 34,596,048.

During 1984, 8,700 shares were issued under the company's stock option plan and 193,371 shares were issued under the company's stock dividend plan, bringing the total number of common shares outstanding at Dec. 31, 1984 to 34,798,119.

DIVIDENDS

Common—Present rate of 30 cents per share per annum established with the quarterly payment of 7½ cents per share on Apr. 3, 1985, followed by a payment of 7½ cents per share June 27, 1985. Previously, rate of 60 cents per share per annum paid from July 5, 1984 to Dec. 13, 1984, inclusive. Dividend of 7½ cents per share paid Mar. 28, 1984. Quarterly dividend payable in October, 1983 was omitted. Previously, 7½ cents per share was paid Mar. 24 and Dec. 31, 1982, and Mar. 31 and July 5, 1983; and a rate of 60 cents per share per annum was paid regularly, quarterly, Dec. 17, 1979, to Dec. 15, 1981.

Dividends of 10 cents per share were paid Oct. 8, June 25, Mar. 26, 1979 and Dec. 22, 1978; and five cents per share were paid June 27, 1977; June 24 and Nov. 15, 1976; June 23 and Nov. 10, 1975. Initial dividend of 10 cents per share was paid Nov. 18, 1974.

Extra of 15 cents per share was paid June 30, 1980. Previously, extra dividends of 15 cents were paid Mar. 20, 1980 and Dec. 17, 1979; 20 cents was paid Oct. 8, 1979; and 10 cents was paid June 25, 1979.

Note—Certain restrictions on payment of dividends are contained in provisions of the outstanding long-term debt.

LONG-TERM DEBT

Outstanding long-term debt at Dec. 31, 1984, totaled \$21,181,000 of which \$1,128,000 was due in 1985.

Long-term debt maturities and sinking fund requirements, excluding the current portion and amounts owing to Central Mortgage and Housing, are as follows: 1986, \$2,402,000; 1987, \$1,000,000; 1988, nil; 1989, \$887,000; and \$15,764,000 in subsequent years.

5.85% First Mortgage S.F. Bonds, Series A:

Dated Apr. 1, 1964; due Apr. 1, 1986.

Principal and semiannual interest (Apr. 1 and Oct. 1) and premium, if any, payable in Canadian funds at any branch in Canada of the company's bankers.

Authorized and issued \$15,000,000; outstanding at Dec. 31, 1984, \$1,052,000.

Denominations—Issued in coupon form registrable as to principal only in denomination of \$1,000, and in fully registered form in denominations of \$1,000 and authorized multiples thereof.

Trustee—Canada Permanent Trust Company.

Redeemable—Without premium. Bonds were redeemable on 30 days' notice, in whole or in part, at the following prices: at par plus premium of 5.85% up to and including Apr. 1, 1966, such premiums thereafter decreasing by .30 of 1% each year to Apr. 1, 1984; premium thereafter is .15% of 1% until Apr. 1, 1985. For sinking fund purposes, redeemable at par. In each case, plus accrued interest to the date fixed for redemption.

Sinking Fund—The company established a sinking fund to provide for retirement of \$750,000 principal amount of bonds on Apr. 1, 1973, thereafter on each Apr. 1 such amount being increased by \$50,000 in respect of each 12-month period to Apr. 1, 1985, inclusive, leaving a balance of \$1,350,000 principal amount of bonds to be retired at maturity.

Security—The bonds are a direct obligation of the company and are unconditionally guaranteed as to principal and interest by the Province of New Brunswick. They are secured by a first fixed and specific mortgage, pledge and charge on the smelter land, buildings and equipment thereon, smelting rights and other privileges, and moneys in Construction Fund; a specific mortgage, pledge or charge on all benefits to company arising from Financing and Deficiency Agreement (involving sale of preferred shares, as required); and a first floating charge on certain property, machinery and equipment designed or constructed for the smelter.

Other Provisions—The Trust Deed provides that additional first mortgage bonds may be issued without limit in aggregate principal amount (subject to certain conditions). Such additional bonds would not be entitled to the benefit of the guarantee of the Province of New Brunswick, but in all other respects (except sinking fund) would rank *pari passu* with the Series A serial and sinking fund bonds.

Certain restrictions have been placed on the payment of dividends.

Purpose of Issue—Proceeds used for construction of the smelter plant and facilities by East Coast Smelting and Chemical Co. Ltd.

Offered—Sold on Apr. 8, 1964, at par plus accrued interest to a number of institutions by Nesbitt, Thomson and Co., Montreal, and W. C. Pitfield & Co., Montreal.

7.25% Gen. Mortgage Serial & S.F. Bonds, Series A:

Dated Aug. 15, 1967; due Aug. 15, 1987.

Authorized and issued \$4,000,000 in serial bonds all retired 1969-72 and \$16,000,000 sinking fund bonds; outstanding at Dec. 31, 1984, \$3,478,000 in sinking fund bonds.

Principal and semiannual interest (Aug. 15 and Feb. 15) and premium, if any, payable in Canadian funds at any branch in Canada of the company's bankers.

Denominations—Issued originally in fully registered form in denominations as authorized.

Trustee—Guaranty Trust Company of Canada.

Guarantee—Unconditionally guaranteed as to principal and interest by the Province of New Brunswick.

Security—The bonds are a direct obligation of the company which rank junior to the 5.85% first mortgage sinking fund bonds.

Redemption—Redeemable for other than sinking fund purposes on 30 days' notice at 107.25 to Aug. 15, 1968, with the premium decreasing .39 of 1% in each subsequent 12-month period to Aug. 15, 1985, and thereafter and up to Aug. 15, 1986, the bonds will be redeemable at 100.23 to maturity.

Sinking Fund—The company established a sinking fund sufficient to retire \$750,000 principal amount on Aug. 15, 1973, such amount to increase by \$50,000 in each subsequent 12-month period to Aug. 15, 1985 inclusive; \$1,350,000 on Aug. 15, 1986, and \$1,000,000 on Aug. 15, 1987, which will retire all such bonds at maturity.

Protective Provisions—Certain restrictions have been placed on the issuance of additional long-term debt.

Purpose of Issue—Proceeds of serial and sinking fund bonds issued by East Coast Smelting and Chemical Co. Ltd. used to retire short-term promissory notes held by Noranda Mines Limited.

Offered—Sold on Sept. 28, 1967, at par plus accrued interest by a syndicate headed by Greenshields Incorporated, and J. L. Levesque and L. G. Beaubien Ltd., of Montreal.

11% Gen. Mortgage S.F. Bonds, Series B:

Dated Dec. 1, 1976; due Dec. 1, 1996.

Principal, half-yearly interest (June and Dec. 1) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the company's bankers.

Authorized, issued and outstanding at Dec. 31, 1984, \$16,637,000.

Denominations—Coupon bonds registrable as to principal only in denominations of \$1,000 and \$25,000, and fully registered in denominations of \$1,000 and authorized multiples thereof.

Trustee—Guaranty Trust Co. of Canada.

Redemption—Redeemable at the option of the company in whole or in part on not less than 30 days' notice at the following percentages of principal amount if redeemed in the 12-month period ending Dec. 1:

1977 .. 111.10	1983 .. 107.10	1989 .. 103.20
1978 .. 110.35	1984 .. 106.45	1990 .. 102.55
1979 .. 109.70	1985 .. 105.80	1991 .. 101.90
1980 .. 109.05	1986 .. 105.15	1992 .. 101.25
1981 .. 108.40	1987 .. 104.50	1993 .. 100.60
1982 .. 107.75	1988 .. 103.85	

and thereafter at par, plus in each case accrued interest to the redemption date. The company may not redeem the bonds prior to Dec. 1, 1991, as part of a refunding operation having an interest cost to the company of less than 11% per annum. The company will have the right to purchase series B bonds in the market or by tender or private contract at prices not exceeding the then current redemption price plus accrued interest and costs of purchase.

Sinking Fund—The company will pay to the trustee by way of a mandatory sinking fund, sums sufficient to retire on Dec. 1 in each of the years 1980 to 1995, inclusive, \$1,925,000 principal amount of series B bonds. In addition, the company will have a non-cumulative right to make optional sinking fund payments sufficient to retire on Dec. 1 in each of the years 1984 to 1995, inclusive, up to \$350,000 principal amount of series B bonds. For sinking fund purposes, series B bonds will be redeemable at par plus accrued interest. Series B bonds purchased or redeemed other than for sinking fund purposes shall be available to the com-

pany as a sinking fund credit equal to the principal amount thereof.

Security—Direct obligation of the company ranking pari passu with all other general mortgage bonds from time to time issued and outstanding. The series B bonds are not guaranteed by the Province of New Brunswick as to principal and interest.

Other Provisions—Certain restrictions are placed on the issuance of additional long-term debt and payment of dividends.

Purpose of Issue—Net proceeds applied to finance expansion of production capability at No. 12 mine.

Offered—In October, 1976, at 100 plus accrued interest by a group headed by Wood Gundy Limited and Burns Fry Limited.

Belledune Housing and Enterprises Ltd.—At Dec. 31, 1984, this subsidiary had 6¼% and 6¾% first mortgages outstanding in the amount of \$14,000 owing to Central Mortgage and Housing Corporation amortized to 1991.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION Years Ended December 31

	1984	▲1983
	———— \$000's ————	
Source of Funds		
Operations:		
Net income	26,645	7,585
Deprec., amort.	15,906	16,152
Deferred devel. w/o	5,563	4,510
Deferred taxes 180	300	
Changes in working capital	12,658	2,130
Issue common shares	56	101
	<u>61,008</u>	<u>30,778</u>
Application of Funds		
Increase fixed assets	19,662	9,638
Deferred devel. expends.	2,042	1,873
Reduced long-term debt	2,063	3,344
Dividends	15,054	7,781
	<u>38,821</u>	<u>22,636</u>
Increase in cash	22,187	8,142
Add: Cash, beginning of year ..	†19,582	†27,724
Cash, end of year	2,605	†19,582
†Subtract.		

▲As shown in the 1984 annual report, when the company commenced reporting changes in cash.

INTERIM EARNINGS

Fiscal Year	Net Prod. Revenue	Net Income 3 months	Earns. Per Sh.	Net Prod. Revenue	Net Income 6 months	Earns. Per Sh.	Net Prod. Revenue	Net Income 9 months	Earns. Per Sh.
	—\$000's—			—\$000's—			—\$000's—		
1978 ..	33,834	4,234	0.12	69,402	8,334	0.24	107,895	12,063	0.35
1979 ..	55,042	14,257	0.42	119,286	32,063	0.94	179,542	47,842	1.35
1980 ..	70,441	17,438	0.52	116,528	28,915	0.85	146,303	26,735	0.79
1981 ..	61,183	10,876	0.32	120,370	20,251	0.60	178,781	25,500	0.75
1982 ..	55,514	2,931	0.09	109,659	827	0.02	171,491	6,929	0.20
1983 ..	52,350	934	0.03	113,443	3,615	0.10	172,408	11,524	0.33
1984 ..	73,983	11,115	0.32	141,482	21,321	0.62	202,210	26,621	0.77
1985 ..	56,644	1,587	0.05	113,486	1,741	0.05			

Note—Net production revenue (less transport and treatment charges) reported in interim statements. See also Statement of Income and Retained Earnings.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS, YEARS ENDED DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Production revenue	293,280	265,423	274,981	273,303	234,594	287,662	189,589
Less: Transport. & other exps.	36,555	36,071	39,389	31,669	18,251	30,099	22,816
Production costs	199,320	184,881	181,173	167,563	113,091	123,606	98,292
Oil, gas & mineral exps.	3,377	2,641	2,133	18,014	5,579	12,942	.....
Prov. royalty	2,500	1,900	2,400	2,700	2,100	3,700	2,000
Purch. concentr.	1,503	11,943	1,212	3,631	42,437	.....	5,758
Operating income	50,025	27,987	48,674	49,726	53,136	117,315	60,723
Add: Interest income	d188	d1,398	d4,952	d5,143	d2,976	3,836	.....
Divids. from assoc. cos.	3,039	3,039	955	.....	.....	.....	.....
Less: Interest expense	2,162	2,281	2,450	2,207	2,323	1,250	1,444
Deprec., amort.	15,906	16,152	16,933	15,999	14,595	10,762	9,963
Write offs	5,563	4,510	.....	.....	.....	.....	.....
Income & production tax	2,600	*900	6,300	8,300	12,500	40,900	23,700
Add: Earns. assoc. company ..	.....	.....	d2,500	12,342	13,382	2,305	.....
Net income	26,645	7,585	16,494	30,419	34,124	70,544	25,616
Add: Prev. retained earnings ..	98,421	98,617	87,273	77,216	77,407	37,559	15,372
Less: Dividends	18,196	7,781	5,150	20,362	30,478	30,696	3,429
Acct. adj. ■ .....	.....	.....	.....	.....	3,837	.....	.....
Retained earnings	106,870	98,421	98,617	87,273	77,216	77,407	37,559
■ See Accounting Changes. *Add.							

Remuneration—Of the five highest paid employees and directors' fees paid or payable have been as follows: \$531,756 in 1983; \$545,431 in 1982, \$478,405 in 1981, \$426,063 in 1980, \$324,642 in 1979, and \$289,900 in 1978.

Earnings per Share and Dividend Record:

Common: Earned	\$0.77	\$0.22	\$0.48	\$0.90	\$1.01	\$2.06	\$0.75
Paid	0.525	0.225	0.15	0.60	0.90	0.90	0.10

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	-\$000's						
Assets							
Current:							
Cash & s.-t. notes	8,315						16
Inventories	12,399	23,483	39,037	33,814	44,807	47,690	61,251
Supplies & prepaid exps.	14,747	13,811	9,795	10,907	9,869	5,183	4,696
Accounts rec.	36,809	39,513	39,113	34,094	28,348	48,203	34,871
Margin deposits						61,234	
	72,270	76,807	87,945	78,815	83,024	162,310	100,834
Invest. in affil.	74,797	74,797	74,797	81,283	71,860	48,297	
Deferred devel. & preprod.†	46,579	52,087	56,753	47,301	43,513	50,939	50,845
Other assets	2,610	2,653	2,696	2,750	17,817	1,029	959
Fixed:							
Bldgs., mach. & equip.	200,956	184,592	179,373	162,247	141,962	127,904	110,179
Smelter plant & acid plant	104,264	102,926	104,477	102,431	98,271	88,986	84,823
Employee housing							2,007
Other land, bldgs., etc.	1,951	2,013	2,098	2,159	2,220	2,276	2,338
Less: Depreciation	167,222	155,368	147,343	133,167	119,919	107,570	97,304
	139,949	134,163	138,605	133,670	120,314	109,320	99,705
	336,205	340,507	360,796	343,819	338,748	374,171	254,681
Liabilities							
Current:							
Bank indebtedness	4,582	18,282	27,007	23,148	35,805	60,474	1,408
Accts., pay., etc.	20,154	22,244	23,212	21,798	23,266	21,157	17,276
Accrued interest							738
Current long-term debt	1,128	1,300	717				
Taxes pay.	11,891	9,995	18,035	23,053	11,683	25,405	12,368
	37,755	51,821	68,971	67,999	70,754	107,036	31,810
Deferred taxes	74,012	73,832	73,532	70,226	71,793	68,332	39,698
Long-term debt:							
Brunswick Mining	21,167	23,384	26,113	26,533	28,103	31,696	53,116
Belledune Housing	14	32	64	90	113	131	153
Less: Curr. portion	1,128	1,300	717				
	20,053	22,116	25,460	26,623	28,216	31,827	53,269
Shareholders' Equity							
Capital stock	34,798	34,596	34,581	34,569	34,533	34,403	34,288
Contributed surplus	62,717	59,721	59,635	59,594	59,397	58,722	58,057
Retained earnings	106,870	98,421	98,617	87,273	77,216	77,407	37,559
Less: Pro rata int. in Brunswick shs. held by assoc. co.				2,465	3,161	3,556	
	336,205	340,507	360,796	343,819	338,748	374,171	254,681

▲Metals and concentrates at estimated realizable value. †At cost, less amortization.

Working capital (\$000's)	34,515	24,986	18,974	10,816	12,270	55,274	69,024
Ratio	1.91—1	1.48—1	1.28—1	1.16—1	1.17—1	1.52—1	3.17—1

Shares Outstanding at December 31:

Common	34,798,119	34,596,048	34,580,998	34,061,376	33,882,642	33,673,629	34,288,228
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■ Excludes 507,822 shares in 1981, 650,606 shares in 1980 and 728,991 shares in 1979 designated as pro-rata interest in the company's own shares.

MINING OPERATIONS

Fiscal Year	Tons		Tons Concentrate, Produced			
	Milled	Daily	Lead	Zinc	Bulk	Copper
1964*	777,902	4,228	59,238	115,653		
1965	1,657,519	4,541	132,773	252,036		
1966†	1,650,120	4,521	125,105	240,900		
1967†	2,536,400	6,949	131,500	258,800	90,200	5,800
1968	2,708,745	7,401	158,330	272,940	46,330	12,940
1969	2,770,240	7,590	90,155	205,240	118,850	13,880
1970●	2,582,100	7,074	76,916	157,891	112,730	10,232
1971	3,039,000	8,326	124,800	241,900	73,000	9,600
1972●	3,257,600	9,720	172,900	320,800	....	17,600
1973●	3,268,100	9,008	153,500	330,800	....	19,900
1974●	2,607,970	7,145	114,500	256,000	....	20,300
1975	3,427,239	9,390	170,686	357,423	....	27,786
1976●	2,477,126	6,787	123,580	255,559	....	18,219
1977	3,455,000	9,466	201,000	390,000	36,000	20,000
1978	3,371,000	9,236	219,000	399,000	35,000	16,000
1979	3,275,843	8,975	227,214	416,601	45,275	18,567
1980●	2,037,100	5,570	146,400	248,800	40,200	11,400
	Tonnes	Tonnes	Tonnes	Concentrate, Produced		
1980●	1,848,000	5,063	132,800	225,700	36,500	10,300
1981	3,422,700	9,380	210,300	407,600	80,500	21,100
1982	3,633,500	9,960	216,800	458,400	78,800	26,700
1983	3,410,700	9,422	204,500	419,500	80,000	22,100
1984†	3,560,200	9,727	215,200	448,500	80,200	28,200

■ Lead-zinc concentrate.

*From July 1; from tune-up period Mar. 16 to June 30, mill treated 188,635 tons, an average of 1,763 tons daily, for recovery of 11,132 tons lead and 17,107 tons zinc concentrate.

†Production figures include tonnage milled and concentrate production from No. 12 mine only.

†Production figures for 1967-83 combine results from both No. 12 and No. 6 mines.

●Tons milled per day calculated for full calendar year, despite work stoppages as follows: a 41-day strike in 1970; a 21-day mine shutdown to reduce concentrate inventories in 1972; mine equipment failures and rotating illegal strikes in 1973; a 66-day strike in 1974; a strike from May 29 to Aug. 28 in 1976; a strike from May 30 to Sept. 25, 1980.

SMELTER OPERATIONS

Details of production since conversion to lead smelting during 1972 have been as follows.

Fiscal Year	Conc. Treated	Refined Lead	Sulph. Acid	Copper Matte, etc.	Silver oz.
1972	■	35,980	92,430	1,030	1,563,000
1973	■	34,450	100,181	1,230	1,255,000
1974	148,400	44,210	117,240	2,470	2,085,000
1975	172,800	50,910	139,700	3,460	2,195,000
1976	167,000	51,430	119,000	2,989	3,004,000
1977	206,600	56,400	151,900	4,700	3,458,000
1978	233,605	66,900	185,000	5,503	3,668,000
1979	226,833	62,600	196,400	4,700	3,096,916
1980	179,900	49,500	157,800	4,800	3,043,300
		Tonnes			Kg
1980	163,200	44,900	143,200	4,300	94,700
1981	186,900	49,100	159,200	3,300	94,000
1982	218,600	60,800	179,700	3,300	98,700
1983	213,100	58,000	179,000	5,800	113,400
1984	202,600	57,000	184,700	4,000	105,000

■ Unstated.

HISTORICAL SUMMARY

(As originally stated in company's annual reports for the respective years)

Fiscal Year	Working Capital	L.-Term Debt	Equity Income 000's	Prod. Revenue	Net Inc. Oper.	Earns. Per Sh.	Divds. Paid Common Shares	Shares Outstand.
	\$	\$	\$	\$	\$	\$	\$	
1964	d2,040	18,342		14,179	7,968	0.93		8,565,168
1965	d3,124	20,285		29,104	13,320	1.56		8,565,168
1966	d61,648	38,355		26,587	6,535	0.76		8,565,168
1967	d13,746	92,437		30,265	d9,562	d1.10		8,683,611
1968	d13,626	89,705		41,600	d4,696	d0.54		8,683,611
1969	d11,686	84,824		43,306	d3,235	d0.34		9,451,381
1970	d17,061	82,810		43,150	d10,599	d1.12		9,451,381
1971	285	31,290		50,830	d12,185	d1.29		34,214,628
1972	4,297	34,770		58,975	d374	d0.05		34,218,478
1973	15,648	28,148		78,957	9,859	0.29		34,266,828
1974	32,697	26,425		99,975	17,090	0.50	0.10	34,266,978
1975	30,164	24,618		121,343	12,563	0.37	0.10	34,267,578
1976	53,836	57,552		103,085	7,541	0.22	0.10	34,267,578
1977	30,556	55,678		137,727	2,395	0.07	0.05	34,267,878
1978	69,024	53,269		189,589	25,616	0.75	0.10	34,288,228
1979	55,274	31,827	2,305	287,662	70,544	2.06	0.90	▲33,673,629
1980	12,270	28,216	13,382	234,594	34,124	1.01	0.90	▲33,882,642
1981	10,816	26,623	12,342	273,303	30,419	0.90	0.60	▲34,061,376
1982	18,974	26,177	d2,500	274,981	16,494	0.48	0.15	34,580,996
1983	24,986	23,416	.....	265,423	7,585	0.22	0.225	34,596,048
1984	34,515	21,181	.....	293,280	26,645	0.77	0.525	34,798,119

▲Reduced to reflect the company's pro rata interest in its own shares held through an associated company.

Note—Production commenced July 1, 1964.

For analysts interested in an intensive study of this and certain other companies, our Databank derives and publishes a wide range of operating ratios, growth rates, etc. For details, contact The Financial Post Investment Databank, Box 100, Terminal A, Toronto M5W 1A7, (416) 596-5692

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